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ABSTRACT

A report by the Board of Regents on student financial aid programs in New York State is presented. During 1979-80, the estimated average Tuition Assistance Program (TAP) awards increased in all undergraduate sectors and helped to offset tuition increases in both the independent and public sectors. Guaranteed student loans continued to increase in both numbers and amounts of offset increasing educational costs that were not covered by TAP awards and other sources of grant aid. Recommendations are offered regarding the following: (1) changes in income schedules and scales for undergraduate and graduate TAP awards; (2) extension of eligibility for TAP awards to part-time undergraduates; and (3) a comprehensive program of graduate student aid. In addition to the TAP program, the Regents College Scholarships are available for a wide variety of undergraduate programs, and for students in specialized graduate programs, scholarship and fellowship awards are available. Data are presented on new awards in 1978-79 for different types of financial aid. Information is also presented on the total annual financial assistance to college students; determination of the student's award on the basis of tuition cost and financial ability; number of TAP recipients by sector; utilization rates for TAP recipients by level of enrollment and type of institution; and average TAP awards by sector and level of study. Other federal student aid programs in New York and the interaction of federal and state student assistance programs are briefly addressed. (SW)

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A REPORT BY THE BOARD OF REGENTS TO THE GOVERNOR AND LEGISLATURE ON STATE STUDENT FINANCIAL AID PROGRAMS

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The University of the State of New York
THE STATE EDUCATION DEPARTMENT
Albany, New York 12234
December 1979

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A REPORT BY THE BOARD OF REGENTS

TO THE GOVERNOR AND LEGISLATURE

ON STATE STUDENT FINANCIAL AID PROGRAMS

The University of the State of New York
THE STATE EDUCATION DEPARTMENT
Albany, New York 12234
December 1979

APR 4 1980

THE UNIVERSITY OF THE STATE OF NEW YORK

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President of The University and Commissioner of Education
Gordon M. Ambach

Section 603 of the Education Law
(As amended by Chapter 942, Laws of 1974)

Section 603. Evaluation of the board of regents On or before January first, nineteen hundred seventy-six, and annually thereafter on or before December first, the board of regents shall make a report to the Governor and the temporary president of the senate, the speaker of the assembly, the senate finance committee, the assembly ways and means committee and the standing committees of the legislature having jurisdiction of higher education evaluating all financial assistance and loan programs established by this article, which report shall contain such recommendations as the regents may deem appropriate.

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THE UNIVERSITY OF THE STATE OF NEW YORK
THE STATE EDUCATION DEPARTMENT
OFFICE OF THE PRESIDENT OF THE UNIVERSITY
AND COMMISSIONER OF EDUCATION
ALBANY, NEW YORK 12234

To the Governor and the Legislature:

Student financial aid programs constitute an integral part of the financing of postsecondary education. Billions of dollars are appropriated annually by Federal and state governments for such programs which, combined with institutional funds, have been instrumental in furthering educational opportunity. New York State has been prominent in establishing scholarship, grant, and student loan programs to aid students in the pursuit of postsecondary education. Financial barriers have been lowered to make maximum educational opportunity a reality.

The current State program of financial assistance is extensive, the largest of all state programs in the nation. It embraces a wide system of low tuition public colleges, scholarships for able high school graduates, professional, and graduate students, tuition assistance grants for use at public and independent colleges, and guaranteed loans for postsecondary students.

The present scholarship and tuition assistance grants are based on legislation of 1974 as amended in subsequent years. The legislation of 1974 established the New York Higher Education Services Corporation to centralize the administration of State financial aid programs of scholarships, grants and loans and to coordinate such programs with those of other levels of government, particularly the Federal government. Under the law, the Higher Education Services Corporation is responsible for the payments of awards and loans, and the Education Department retains the responsibility for the selection of winners and alternates in six programs of scholarships or academic performance awards. The Education Law, under Section 602 of Article 13, provides that the Commissioner shall establish regulations for student award and loan programs governing student eligibility in the following areas:

1. Full and part-time attendance
2. Summer study
3. Permissible use of general and academic performance awards
4. Matriculation
5. Academic standing.

Section 607 of the Law also provides that the Commissioner shall establish regulations governing institutional disclosure of information for students. Such information includes:

1. Financial aid programs
2. Educational costs
3. Refund policies
4. Instructional programs.

Over the years, the Board of Regents has reviewed the State's student financial assistance programs and made recommendations for significant changes. Many of these recommendations formed the basis for legislative changes in 1957, 1961 and 1969. The Tuition Assistance Program, adopted in 1974, paralleled a Regents proposal for the expansion of the tuition grant and took into account a survey of recipients of student aid carried out by the State Education Department.

The Regents continue to review and evaluate the State's student financial aid programs. Accordingly, this report contains not only a description of the present scope and operation of the State's financial aid programs but also recommends improvements aimed at the enhancement of educational opportunity.

Gordon M. Ambach
President of The University and
Commissioner of Education

Chapter

I

Recent Developments in the State's Student Aid Programs

1. The State's student financial aid programs (loans and grants) for 1978-79 totaled $702.9 million, of which $232.9 million was for tuition assistance and $450.4 million was for loans. The balance of $19.6 million was expended for other grant and scholarship programs. Scholarship and grant assistance was provided to over 422,000 students. Nearly 237,000 student loans were approved in 1978-79; approximately 118,000 were approved for first-time borrowers.

2. Tuition assistance payments (TAP) increased from $232.9 million in 1978-79 to $255 million in 1979-80; the increase results mainly from the increased award levels established by the Legislature in 1978.

3. In 1979 the New York State Higher Education Services Corporation continued to accelerate the processing of State awards. By the end of August 1979 the Corporation had processed about 89 percent of the applications received as compared to 85 percent at the same time in 1978.

4. The estimated number of undergraduate TAP recipients in 1979-80 increased by only .8 percent over 1978-79. The largest estimated increase in recipients at the undergraduate level occurred in the "Other" school sector which is comprised of hospital schools, degree-granting proprietary institutions, and registered non-degree business schools with curricula of two years' duration. The independent colleges and City University community colleges experienced slight decreases in numbers of undergraduate recipients. At the graduate level, there was also an overall increase of .8 percent in recipients. Within this overall increase there were small increases at the independent colleges and State University and a small decrease at the City University.

5. The average TAP award for undergraduates increased by an estimated 8.9 percent between 1978-79 and 1979-80. Average awards increased in all sectors at the undergraduate level. The increase in the SUNY State-operated and CUNY colleges is due primarily to the increase in tuition charges for lower division students. The increase at the independent colleges results from the continued phasing-in of the $1,800 maximum award scale. For graduate students, the estimated average TAP awards are the same for 1979-80 as in 1978-79.

6. As a result of a 1977 agreement between the Education Department, the Department of Audit and Control, the Division of the Budget, the Higher Education Services Corporation, and the Department of Taxation and Finance there is continuing intergency cooperation in program reviews and institutional audits. The reviews and audits are to ensure that awards are paid to eligible students, according to statute and regulations. These activities are aimed at improving the administration and integrity of the various student aid programs.

7. Beginning in the 1979-80 academic year, the Corporation is implementing a system of income verification for all TAP recipients and their families. This project is the result of an agreement between the Corporation and the Department of Taxation and Finance, in compliance with the Federal privacy of information law, whereby a common identifier, the social security number, is used. In 1978-79 a sample of income information from applications for TAP grants was compared with State tax returns and revealed substantial over and under reporting of income on the application form. Based on an extrapolation from the sample, the Corporation estimates that some $5.5 million in overpayments and $1.8 million in underpayments may have been made, with potential net overpayments of $3.7 million.

8. As a result of 1979 legislative action, the State student aid programs were amended in the following ways:

   a. Effective in 1980-81, the annual number of new Regents College Scholarships will be increased to 25,000 from 18,843 and it will not be necessary to later reallocate scholarships declined by winners in the competition to alternates. It is anticipated that the number of declinations from winners of awards will reduce the number of awards to a level approximating 19,000. The elimination of the scholarship reallocation should permit about 6,000 high school seniors to make decisions about college without having to guess whether they might or might not receive a reallocated award at some future date.

      Scholarship reawards to alternates in other Regents scholarship programs are continued, and the authorized numbers of awards in these programs remain unchanged.

   b. In addition to the Federal Guaranteed Student Loan Program, which the Corporation administers, there is also a State supplemental loan program for students and institutions that do not participate in the Federal program.

      Student loans made or guaranteed by the Corporation under the State supplemental loan program are subject to the following modifications:

      i. Eligibility of state-approved vocational schools which have executed participation agreements as of July 1, 1979, is limited to two years from that date. This period will provide such schools time to obtain the accreditation required of vocational schools for participation in the Federal Guaranteed Student Loan program.

      ii. Loans have an interest ceiling of ten percent per year. Borrowers may defer interest payments during specified periods and upon termination of studies capitalize that amount as part of the principal.

iii. The Corporation may accelerate the repayment of a loan, where such a loan was received as a result of error or fraud.

iv. Maximum loan amounts to students in podiatry, optometry, and pharmacy are increased to $7,500 per year or $30,000 in the aggregate. (Medical, dental, and veterinary students are already covered by such maximums.) The maximum repayment period for students in these six categories is 15 years.

9. The statute requires that the Corporation's budget request be developed by the President of the Corporation after consultation with the Board of Regents, according to Section 653 of Article 14 of Education Law. In October 1979, for the first time since the enactment of the statutory provision of 1974, such consultation occurred.

Chapter

II

Recommendations of the Regents

The development and expansion of the State's student financial aid programs promote student access and choice which are especially important in a time characterized by relatively stable enrollments and an unstable economy.

During 1979-80, the estimated average TAP awards increased in all undergraduate sectors and thus helped to offset tuition increases in both the independent and public sectors. The overall undergraduate TAP award increased from $738 in 1978-79 to $804 in 1979-80, an increase of 8.9 percent. Further, guaranteed student loans continued to increase in both numbers and amounts to offset increasing educational costs that were not covered by TAP awards and other sources of grant aid. The increase in student loan funds is also due to the removal of an income limitation, following implementation of the Middle Income Student Assistance Act of 1978.

Further, accountability for both expenditures and program quality is being improved through the interagency cooperation that resulted from an agreement between those agencies having programmatic or fiscal responsibilities for student aid programs.

There are, however, several areas where further improvements are needed in the immediate future. The following Regents recommendations are aimed at enhancing the effectiveness of State student financial assistance.

Recommendations

1. Changes in income schedules and scales for undergraduate and graduate Tuition Assistance Program awards.

   a. The income ceilings for maximum and minimum TAP awards for undergraduates should be raised. There is a need to raise the income level for the maximum TAP award in order to establish greater equity for students from low income families. In 1978 the maximum undergraduate award was raised from $1,500 to $1,800 (or tuition, whichever is less) and the income ceiling was raised from $2,000 to $2,750, net taxable income. (The new maximum of $1,800 applies to first-time TAP recipients and was made retroactive for such recipients in 1977-78). The previous ceiling of $2,000 for a maximum award had been in effect since 1970. The equivalent gross income for a two-parent family with two children, using standard deductions and having a net taxable balance of $2,750 is approximately $7,250. This gross income is at the poverty level and, for example, is still lower by $1,800 than the eligibility level for a student from the same size family in other State sponsored programs for disadvantaged students at both public and independent postsecondary institutions. Currently, about 31 percent of all undergraduate TAP recipients (excluding those who are single, financially independent and without dependents) are in the net taxable income range of $0 to $2,750. Under

the proposed threshold of $5,000, approximately 44 percent of such undergraduate recipients would receive a maximum award. Considering the effects of inflation on family income and college costs, the proposed increase is a moderate one.

The upper income limit for a maximum award of $200 should be increased from $20,000 to $30,000 net taxable income also in recognition of inflation. The $20,000 level, which is equivalent to about $25,000 gross income, was established in 1969.

b. The income ceilings for maximum and minimum awards for graduate and professional students should be raised. An amendment enacted in 1978 increased the income ceiling for a maximum award for undergraduates from $2,000 to $2,750, but did not change the ceiling for graduate students, which remains at $2,000. Prior to that change, both undergraduate and graduate awards were calculated on the same income basis, and the Regents recommend that that condition be reestablished. Currently, about 24 percent of all graduate level TAP recipients (excluding those who are single, financially independent and without dependents) are in the income range of $0 to $2,000. Under the proposed ceiling of $5,000, approximately 42 percent of such graduate recipients would receive a maximum award. This proposal would make the income schedule for graduate students uniform with that for undergraduates, with maximum $600 awards provided to students with net taxable incomes not exceeding $5,000, and minimum $100 awards to students whose net taxable incomes do not exceed $30,000.

c. The $200 reduction in TAP awards for undergraduate students who have received four semesters of award payments should be eliminated. When the reduction provision was established in 1974 it was assumed that upper-division undergraduate students could make a larger contribution to their educational costs through higher earnings from part-time employment. There is little evidence to suggest that costs for upper-division students are lower or that their earnings or other financial resources are higher.

Illustrative Scale of Proposed TAP Awards
Based on Proposed Maximum Awards for Incomes of up to $5,000
and Minimum Awards Extending to Incomes of $30,000

Net Taxable Balance	Independent Colleges				SUNY/CUNY			
	Undergraduate		Graduate		Undergraduate		Graduate	
	Current	New	Current	New	Current	New	Current	New
$2,000	$1,800	$1,800	$600	$600	$925	$925	$600	$600
2,750	1,800	1,800	550	600	925	925	550	600
5,000	1,698	1,800	400	600	790	925	400	600
6,000	1,595	1,720	333	533	720	845	333	533
9,000	1,375	1,470	133	333	500	595	133	333
12,000	1,115	1,180	100	133	240	305	100	133
15,000	795	830	100	100	200	200	100	100
20,000	200	200	100	100	200	200	100	100
25,000	0	200	0	100	0	200	0	100
30,000	0	200	0	100	0	200	0	100

2. Extension of eligibility for TAP awards to part-time undergraduates.

In order to maintain the present highly educated pool of manpower in New York State, the Regents believe that barriers to access to higher education must be minimized for persons who must study on a part-time basis. The extension of eligibility for TAP to part-time undergraduates would help minimize fiscal barriers for persons seeking career advancement or retraining for new careers. It would also assist persons--primarily women--with family responsibilities that prevent full-time study but who are seeking to develop employment skills. In New York, in 1977, there were over 225,000 part-time undergraduates, a number that had declined by 12 percent from the number enrolled two years earlier. This decline signifies the existence of significant barriers to part-time study. Extension of TAP to this group would reduce at least one of those barriers, tuition costs. Only students enrolled for not less than six nor more than eleven semester hours a semester would be eligible for awards. Eligibility

would be phased in. In 1980-81, only students who had already earned 90 semester hours in a four-year program, or 45 semester hours in a two-year program would be eligible. In 1981-82, only students who had already earned 60 semester hours in a four-year program or 30 semester hours in a two-year program would be eligible. In 1982-83 and thereafter, students who had already earned 30 semester hours in a four-year program, or 15 semester hours in a two-year program would be eligible for awards. Part-time students, under this proposal, would receive awards at one-half the value of awards for full-time students at equivalent income levels.

3. A comprehensive program of graduate student aid.

A Regents Fellowship Program should be established that would provide 800 awards annually to first-time doctoral students who are residents of New York State and who attend a registered doctoral program at a New York State institution as full-time students. Awards should be made for tuition and stipends for living expenses. The tuition portion of the award would be $3,000 or tuition, whichever is less. The stipend for living expenses would be $2,500 per year. Not less than 50 of the fellowships would be awarded to students in programs designated to prepare students for careers in political science, international affairs, and public administration. Such fellowships would be known as the Lehman Fellowships. The remaining 750 fellowships would be intended for use in doctoral programs designed to prepare the holders to conduct original research in fields of knowledge beneficial to the economic well-being of New York State.

The fellowship program is designed to assure a continuing source of talented young people who can best contribute to the advancement of the frontiers of knowledge and thus to support the economic needs of the State. In spite of the possible oversupply of Ph.D.'s in many fields, persons with strong training and capable of creative contributions to society are, and will continue to be, in great demand. Research is the basis of both higher education and industrial development.

The number of fellowships available from New York State has dwindled in recent years. In 1971, approximately 800 new fellowships were authorized through Regents Fellowship programs. It is time for the State to once again make an investment in a fellowship program. The program is designed to enhance New York's ability to attract and retain industry that depends on a continuing supply of highly educated researchers. The Regents have also proposed to the Federal government a program of matching aid to institutions enrolling State fellowship holders.

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The recommendations for improving and expanding the State's student aid programs are addressed to needed changes in the near future. They will be presented as legislative proposals for consideration by the Legislature in 1980. Estimated costs will be included with the proposals.

The development of the 1980 State Plan for Postsecondary Education includes, as a goal, the efficient allocation of resources in meeting the financial needs of the postsecondary educational system. Financial resources available for postsecondary education are primarily derived from student tuition payments, institutional endowments, non-public grants and gifts and Federal, State and local government appropriations. Because State financial support is an important determinant of student access and choice, as well as the distribution of programs and students among the various sectors, the Statewide Plan will consider the various possible directions which State student financial aid programs may take in the development of financial policies beyond 1980-81. These directions may include the relationship of student aid to tuition revenues and institutional support as well as the coordination of Federal, State, and institutional student aid programs.

Chapter
III

The Growth of Financial Assistance Programs in New York State

New York State provides an extensive program of scholarships, grants, and loans, effectively aimed for the improvement of college opportunity.

The State's financial assistance programs began in 1913 with the establishment of the Regents College Scholarship Program for outstanding high school seniors. Scholarship awards were based then, as now, on competitive examinations. Over the years, both the numbers and the amounts of awards increased. Prior to 1975, when all new Regents College Scholarships were fixed at a $250 annual level, the annual value of the scholarship ranged from $250 to $1,000 depending on family income. Between 1936 and the 1960's, various other special scholarship and award programs were established for children of deceased and disabled veterans and for veterans of World War II, and of the Korean and Vietnamese conflicts. In addition, special scholarship programs were initiated for the study of nursing, medicine, and dentistry as well as fellowships for college teaching and various other academic programs on the graduate level. The State Education Department is responsible for the selection of winners in the competitive programs and the payments are administered by the Higher Education Services Corporation.

In 1961, the Legislature established the Scholar Incentive award program, a non competitive grant program for full-time undergraduate and graduate students. The first awards were made in 1962. Within a few years, the size of the Scholar Incentive award program, in terms of numbers of students and annual expenditures, far exceeded the size of the Regents College Scholarship Program. In 1974, the Legislature established the Tuition Assistance Program. Under this Program New York State residents with capacity for full-time study, receive non competitive grants to help meet tuition costs. The Tuition Assistance Program replaced the Scholar Incentive Program (which had maximum annual awards of $600) with a more liberal scale of awards providing a maximum annual value of $1,500, not to exceed tuition, for undergraduates. The $1,500 maximum was raised to $1,800 in 1978 for first-time students in 1977-78. The Higher Education Services Corporation is responsible for the administration of the Tuition Assistance Program.

In addition, the Higher Education Services Corporation also administers the Federal Guaranteed Student Loan Program. Students attending New York postsecondary institutions may receive loans up to $2,500 a year for meeting costs of approved undergraduate and vocational programs, not to exceed an aggregate of $7,500. Graduate and professional students may borrow up to $5,000 subject to a limit of $15,000 for combined undergraduate and graduate study. The Corporation guarantees loans made by the financial institutions, and the Federal government pays the interest of 7 percent while the student is enrolled and special allowances to the lending institutions. During the repayment period after termination of study, the student repays the principal amount plus 7 percent simple interest. The Corporation also administers a State supported loan program for students in those vocational schools that are approved by the Board of Regents but are not eligible to participate in the Federal Guaranteed Student Loan Program because they are not accredited by national vocational school accreditation associations. Further, the State loan program provides for additional loan limits of $2,500 per year for students in medicine, dentistry, veterinary medicine, podiatry, optometry, and pharmacy.

There are numerous other programs which provide financial assistance to students. These include the State University Supplemental Tuition Awards Program, special State-funded opportunity programs for disadvantaged students in the independent and public colleges, and institutionally funded student assistance programs.

Chapter
IV

Status of Scholarship and Grant Programs

Scholarships and grants awarded in New York State in 1978-79 include a diverse range of opportunity. The largest component, the Tuition Assistance Program, provides awards which are applicable to any approved undergraduate or graduate program. Similarly, the Regents College Scholarships are available for a wide variety of undergraduate programs. For students in specialized graduate programs, scholarship and fellowship awards are available. The combination of undergraduate and graduate awards may provide assistance for as many as eight years of study.

A. Types of Awards

	Number of New Awards 1978-79	Amount of Annual Award	Term of Award (In Years)
Noncompetitive Awards[1]			
Tuition Assistance Program Awards	351,000	$200-1800	8
Child-of-Veteran Awards	2,500	450	4 or 5[3]
	353,500		
Scholarships for High School Seniors			
Regents College Scholarships	19,443	250	4 or 5[3]
Basic Nursing Scholarships	800	250	4 or 5
Cornell University Scholarships	60	100-1000[2]	4
	20,303		
Other Scholarships and Fellowships			
Medical-Dental Scholarships	130	350-4000	4
Lehman Fellowships	30	4000-5000	4
Optometry Scholarships	5	350-1000	4
	165		

The Student Loan Program, 1978-79	
Number of Original Loans	117,593
Number of Additional Loans	119,177
Total Loans	236,770
Total Amount	$450,388,806
Average Loan	$1,902

[1] Data reported in Higher Education Services Corporation Annual Report, November 1979.

[2] Awards are administered by Cornell University and provide for tuition reduction.

[3] Awards may be held for five years if the academic program requires more than four years for completion.

B. Total Annual Financial Assistance to College Students

The student financial aid programs of New York State totaled approximately $702.9 million in 1978-79. During 1978-79, they provided scholarship and grant assistance to over 633,000 students. Over 235,000 student loans were approved in 1978-79, of which approximately 116,000 were to first-time borrowers. The total expenditures of $702.9 million represent an increase of 18.8 percent over the total outlay of $591.6 million in 1977-78. The TAP and Regents Scholarship program expenditures increased from $230 million in 1977-78 to $252.5 million in 1978-79. The increase in TAP expenditures is attributed primarily to the continued phasing-in of the higher TAP schedule for undergraduates, initiated in 1978-79, with a maximum undergraduate TAP award of $1,800 for first-time recipients (effected retroactively to 1977-78). The maximum for other undergraduate recipients is $1,500. Student loans increased from $361.9 million in 1977-78 to $450.4 million in 1978-79, an increase of 24.5 percent. The increase is due to the removal of a family income limitation under the Middle Income Assistance Act of 1978, as well as increased participation by lending institutions and increased demand for loans to meet increasing college costs.

Table 1

Total Payments and Aid Recipients
1978-79[1]

	Students	Total Aid
Tuition Assistance Program Awards	351,000	$232,875,000[2]
Regents Scholarships, Fellowships and Child-of-Veteran Awards	71,292	19,630,256
Student Loans	236,770	450,388,806
	659,062[3]	$702,894,062

1 Data reported in Higher Education Services Corporation Annual Report, November 1979.

2 The appropriation for 1978-79 TAP awards was $238.2 million, supplemented by $6.3 million from the Federal State Student Incentive Program.

3 Total contains duplicated numbers of recipients (students who are receiving assistance from more than one program).

Chapter
V

Determination of the Student's Award on the Basis of Tuition Cost and Financial Ability

The minimum and maximum awards for the scholarship and grant programs are established by legislation. Within this range, the award is determined by the tuition cost of the college attended by the student and by the family net taxable income. (Lehman Fellowships and Child of Veteran Awards are not subject to tuition charges or family income.)

These limitations are illustrated for the largest award program, the Tuition Assistance Program. That program presently operates with four schedules of awards. Schedule B applies to graduate and professional students who are: financially dependent, financially independent and married, financially independent and single with dependents. Schedule C is available to undergraduate students who are: financially dependent, financially independent and married, financially independent and single with dependents. The $1,800 maximum, or tuition, whichever is less, under Schedule C is applicable to first, second and third year students in 1979-80. Other students are under the $1,500 maximum, or tuition, whichever is less.

Table 2
Illustrative Tuition Assistance Program (TAP) Annual Awards
Schedules B and C
1979-80

Net Taxable Balance*	Independent College		SUNY and CUNY	
	Schedule B	Schedule C	Schedule B	Schedule C
$2,000	$600	$1,800	$600	$925
2,750	550	1,800	550	925
6,000	333	1,595	333	720
9,000	133	1,375	133	500
12,000	100	1,115	100	240
15,000	100	795	100	200
20,000	100	200	100	200

*Net taxable balance is the gross income less all allowable exemptions and deductions for State income tax purposes. For the typical two-child family, a net taxable balance of $2,750, for example, is approximately comparable to a gross income of about $7,250 with standard tax deductions.

After a student has received two full years of payments under any program (TAP or Scholarship), remaining TAP payments under Schedule C are reduced by $200 per year, except that no student shall receive less than $200 per year if the family net taxable balance is $20,000 or less.

Two additional schedules were established for single, financially independent students without dependents by the 1977 legislature. Schedule D applies to graduate students and Schedule E applies to undergraduate students without dependents.

Table 3
Illustrative Tuition Assistance Program (TAP)
Annual Awards for Single, Financially Independent Students
1979-80

Net Taxable Balance	Independent College		SUNY and CUNY	
	Schedule D	Schedule E	Schedule D	Schedule E
$0-1,000	$600	$1,800*	$600	$925
2,000	350	1,500	350	625
3,000	100	1,300	100	325
5,000	100	600	100	200
5,667 & over	0	0	0	0

* The maximum award of $1,800 is applicable to students receiving TAP awards for the first time in 1977-78 or thereafter.

The Regents recommendations for improvement in the TAP award scale, as described in Chapter II, would change the net taxable balance intervals for the determination of the maximum and minimum awards. In addition, the Regents recommend the elimination of the $200 reduction of the TAP award for upper-division undergraduate students.

Chapter

VI

Number of Recipients, Average Awards, Loans, and Costs

The Higher Education Services Corporation has modified its procedure for calculating expenditures for the Tuition Assistance Program. The modified procedures affect the reporting of statistics for 1978-79 and thereafter. The Corporation has advised that for such items as average awards and numbers of recipients by institutional sector it is not possible to make meaningful comparisons between the data reported for 1978-79 and thereafter with 1977-78 and earlier years. For this reason and because 1979-80 enrollment data are not available at this time, this report will not offer the kinds of information on trends in enrollments, awards, and loans which have appeared in previous annual reports. Instead, the trends will be confined to data for 1978-79 and the projected data for 1979-80 included in the Corporation's budget request for 1980-81.

Table 4 indicates very little growth in numbers of TAP recipients between 1978-79 and 1979-80. This is consistent with stable enrollments and the Corporation's experience to date in processing 1979-80 applications.

The utilization rates for TAP recipients for 1978-79 are shown in Table 5. Because of the limitations previously mentioned, no comparison is possible for other years.

The growth rate in student loans is shown in Table 6. The number of loans guaranteed includes graduate and undergraduate students, students at collegiate institutions as well as at vocational institutions, New York State residents both in and out of State and a small number of non-State residents studying in the State. The total number of loans rose 13.7 percent while enrollments in New York State were relatively stable. The following factors contribute to the increase in loans:

1. The family income limitation of $25,000 for loans which are interest-free while the student is in college was removed by a provision in the Federal Middle Income Assistance Act of 1978.

2. Continuing increases in college costs.

3. Continuing willingness of banks and other lending institutions to participate in the program.

The changes in average TAP awards for undergraduates between 1978-79 and 1979-80 were less dramatic than those of the preceding two years, when the phasing-in of new award scales had a greater effect. The average TAP awards are shown in Table 7.

The increase in the average undergraduate award at State University State-operated and City University colleges is due mainly to the increase in tuition for lower division students. The continued phasing-in of the $1,800 maximum award is the primary reason for the increase at the independent colleges. Average award data on Regents scholarships and fellowships were not available at the time of this report.

The relationship of average awards to tuition costs for 1978-79 is displayed in Table 8. Although the average TAP award for independent college students has steadily increased, it represents only slightly more than one-third of tuition. At the public colleges, on the other hand, the average TAP award covers more than one-half of tuition.

Table 4

Number of TAP Recipients by Sector [1]
1978-79 and 1979-80

	1978-79		1979-80		
	Number	Percent of Total	Number	Percent of Total	Percent Change in Number from '78-'79
Undergraduate	305,231	100.0	307,609	100.0	+ .8
State University	105,203	34.5	106,745	34.7	+1.5
State-operated	65,129	21.3	66,671	21.7	+2.4
Community Colleges	40,074	13.2	40,074	13.0	0
City University	93,593	30.6	93,829	30.5	+ .3
Senior Colleges	55,579	18.2	55,911	18.2	+ .6
Community Colleges	38,014	12.4	37,918	12.3	- .3
Independent Colleges	89,200	29.2	88,613	28.8	- .6
Other [2]	17,235	5.6	18,422	5.9	+ 6.8
Graduate	20,268	100.0	20,426	100.0	+ .8
State University	1,843	9.1	1,789	8.8	- 2.9
City University	5,730	28.3	5,881	28.8	+ 2.6
Independent Colleges	12,675	62.6	12,756	62.4	+ .5
TOTAL	325,499		328,035		+ .8

[1] Estimated number of TAP recipients reported as annual average number of recipients in the Higher Education Services Corporation 1980-81 budget request.

[2] Includes hospital schools, degree-granting proprietary institutions, and registered non-degree business schools with curricula of two years duration.

Table 5

Utilization Rates for TAP Recipients by Level of Enrollment and Type of Institution[1]
1978-79

	1978-79 Enrollment	TAP Recip. as % of Enrollment
Undergraduate	537,150	56.8
State University	207,552	50.7
State-operated	126,752	51.4
Community Colleges	80,704	49.6
City University	112,664	83.1
Senior Colleges	65,928	84.3
Community Colleges	46,736	81.3
Independent Colleges	201,766	44.2
Graduate	66,115	30.7
State University	14,565	39.3
City University	4,605	40.0
Independent Colleges	45,883	27.7

[1]Utilization rates calculated as proportions of estimated numbers of average annual TAP recipients (Table 4) to State Education Department's enrollment estimates of full-time students in 1978-79.

Table 6

Loans Guaranteed by Fiscal Years
1978-79 and 1979-80

	1977-78	1978-79	% Change
Original Loans	104,709	117,593	12.3
Additional Loans	103,555	119,177	15.1
Total	208,264	236,770	13.7

Table 7

Average TAP Awards By Sector and Level of Study[1]

	Average Amounts 1978-79	1979-80	Percent Change
Undergraduate			
State University			
State-operated	$ 442	$ 504	14.0
Community Colleges	428	450	5.1
City University			
Senior Colleges	535	600	12.1
Community Colleges	566	697	23.1
Independent Colleges	1,116	1,230	10.2
Other Schools[2]	1,396	1,449	3.8
Total	$738	$804	8.9
Graduate			
State University	$ 382	$ 382	0
City University	418	418	0
Independent College	371	371	0
Total	$ 378	$ 378	0

[1]Data from Higher Education Services Corporation 1980-81 budget request.

[2]Includes hospital schools, degree-granting proprietary institutions, and registered business schools with two-year curricula.

Table 8

Average Undergraduate TAP Awards and Average Tuition Costs
1978-79

	Independent	State University		City University	
		State Operated	Community Colleges	Senior Colleges	Community Colleges
Average Tuition[1]	$3,415	$877	$714	$939	785
Average TAP	1,166	442	428	535	566
Tuition Less TAP	2,249	435	286	404	219
TAP as a % of tuition	34.1	50.4	59.9	56.9	72.1

[1]Tuition charges are estimated and weighted for independent, SUNY State operated and CUNY. Estimate for SUNY Community Colleges is unweighted.

Chapter
VII

Other Federal Student Aid Programs in New York

Students in the State's postsecondary institutions also participate in various Federal need-based student aid programs other than the Guaranteed Student Loan program previously described. There are four major programs, three of which are administered by the colleges. The latter are the National Direct Student Loan Program, the College Work Study Program, and the Supplemental Educational Opportunity Grant Program. The colleges receive annual allocations of funds, based on reviews of their requests and Federal allocation formulas, and distribute the awards on the basis of need. There is also a national entitlement program for undergraduates, the Basic Educational Opportunity Grant Program (BEOG). In this program, the student applies directly to a Federal BEOG contractor which issues award certificates to eligible students. The students decide where they will use their BEOG awards, and the award certificates are then the basis for credit or cash towards educational expenses. The campus financial aid officer is responsible for "packaging" or combining various Federal, State, and institutional awards so they may meet, but not exceed, the student's financial need.

A. Campus-based programs

Table 9 shows an estimated distribution of the campus-based Federal student aid for 1978-79. It should be noted that the various funds and number of students depicted in Table 9 are presented on the basis of estimated allocations. Actual disbursements for last year, are not now available, but will produce adjustments in the figures reported on the table. The National Direct Student Loan allocations represent Federal capital contributions. The amounts do not include institutional capital contributions of one-ninth the Federal allocation, nor do they include funds from collections of previous loans or cash on hand. Thus, the funds available for loans exceed the amounts listed. The College Work Study allocations do not include an additional minimum 20 percent capital contribution from institutional or off-campus (nonprofit) sources. Some institutions are able to obtain higher proportions of off-campus contributions. The Supplemental Educational Opportunity Grant funds do not require capital contributions but must be matched by equal amounts of aid from other sources, governmental or institutional. In addition, the award cannot exceed one-half the financial aid awarded the student.

B. Basic Educational Opportunity Grant Program

For 1978-79, students at educational institutions in the State received an estimated $209.7 million in grants under this program. This amount is approximately 83 percent of total expenditures for TAP and Regents Scholarship programs in 1978-79. The estimated BEOG expenditures are more than twice the estimated allocations for the combined campus-based Federal programs ($80.2 million).

The estimated sector distribution of Basic Educational Opportunity Grants (BEOG) is shown in Table 10. The figures are derived from authorized allocations to institutions as of April 1979. Actual disbursements for the year will produce adjustments in the figures reported on the table. The BEOG awards for 1978-79 were in a range of $200 to $1,600. The numbers of recipients and the average awards by sector are unavailable at the time of this report. The award schedules operated in a manner that largely limited eligibility to students of low and lower middle income categories. The great majority of awards were received by students whose gross family income is less than $12,000. The BEOG program was initiated in 1973-74 (with a maximum award of $452). New York State has the largest number of participants in this program. In 1977-78 there were 206,451 recipients receiving $193.7 million.

The Middle Income Student Assistance Act of 1978 raised the income limitation and, beginning in 1979-80, BEOG awards will be available to students whose family incomes reach the $25,000 level. The national expenditures for the BEOG Program are expected to be approximately $2.5 billion for 1979-80, as compared to $1.5 billion in expenditures for 1978-79. The change in income eligibility should increase the number and amounts of awards in New York State.

The Regents urge further improvements in the BEOG Program. These improvements include:

1. Elimination of the calculation of a contribution from a family's non liquid assets, such as home equity. The calculation is inequitable, since the values of such assets are unverifiable and are often misrepresented, intentionally and unintentionally. Home ownership is more often related to whether the family lives in an urban or non urban area than to family financial strength.

2. The allowance for other family members enrolled in postsecondary education should be increased because of the financial difficulties which families experience when two or more children are enrolled in postsecondary institutions.

3. The maximum award of $1,800 should be increased to offset the effect of inflation on educational costs. Proposed legislation in Congress would provide for incremental increases in the maximum award and the Regents support such increases.

4. The current Federal law which permits only states offering portable State awards to process BEOG awards should be amended so that a single application for the BEOG and state awards can be employed. States such as New York, that tax themselves to provide nonportable awards to fulfill their postsecondary responsibilities to their residents, should be allowed to participate as processors of BEOG applications.

The public institutions receive a slightly higher proportion of BEOG funds (57.8 percent) than they receive in the aggregate campus-based programs (54.9 percent). In 1977-78, 66 percent of BEOG recipients attended public institutions in the State. The BEOG program, which is an entitlement program, is clearly increasing access to postsecondary education. The degree to which it influences choice, is not known.

The Federal campus-based and BEOG programs are not duplicative of State awards. The campus-based aid supplements the BEOG and State awards. The TAP award is limited to tuition and the BEOG award may not exceed one-half of educational costs.

C. New Funding Process for Federal Campus-based Programs

A new funding process for Federal campus-based assistance programs has been initiated. The previous system was based on an institutional application reviewed by a regional panel that recommended levels of funding, subject to a national appeals procedure. Actual funding depended on available appropriated funds and statutory state allotment formulas. These formulas differ among the three campus-based programs and are based on enrollment data with little relationship to financial need in a state. The previous system has been criticized for its cumbersome application review procedures. The new funding process calls for the gradual introduction of a standard measurement of student financial need at each institution with reference to a national index. The intent is also to streamline the application process by reducing forms, and to improve timing and local administration through transferral of funds among the three programs.

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The Interaction of Federal and State Student Assistance Programs

The foregoing data on the Federal programs provides only a dimension of comparison with the State student aid programs. The combined amount of Federal student aid is approximately $300 million, which is equal to 43 percent of State administered student aid programs.

Obviously, these Federal programs represent a significant portion of the total financial aid available to students of the State. A 1975-76 Education Department study showed that approximately 55 percent of TAP recipients were also receiving aid from other sources, including the Federal programs. Almost certainly this percentage has increased. For example, the recent passage of the Federal Middle Income Student Assistance Act, (MISAA) will result in larger numbers of students from middle-income families qualifying for BEOG awards beginning in the 1979-80 academic year. Under this same act the Guaranteed Student Loan Program has been expanded to provide Federal interest benefits to all student borrowers without regard to family income.

Unfortunately, the data for these Federal programs are not available in the detail, or in the timely fashion, needed to analyze the combined impacts of Federal and State programs.

Student financial aid is an important determinant of student access and choice. The Education Department, working with the Higher Education Services Corporation and the United States Department of Education, should address the need to obtain and analyze more information on the effect of the Federal student aid programs in the State. This effort is vital to planning for the financing of postsecondary education, an integral part of future Statewide Plans for the Development of Post-secondary Education.

Table 9

Estimated Distribution of 1978-79 Federal Student Aid Funds (Campus Based)
By Sector

	National Direct Student Loans[1]			College Work Study[2]			Supplemental Educational Opportunity Grants[3]			
	No.	Amount	% of State Amount	No.	Amount	% of State Amount	No.	Amount	% of State Amount	Avg. Grant
State University										
State operated	14,600	$5,374,275	18.9	15,811	$6,725,607	21.3	4,925	$2,832,266	14.1	$ 575
Community Colleges	1,410	526,024	1.8	4,835	2,107,485	6.6	2,847	1,671,444	8.3	587
City University	10,413	3,884,189	13.6	18,994	8,281,300	26.3	6,223	3,578,372	17.7	575
Independent Colleges	44,475	16,589,104	58.3	30,491	13,424,674	42.4	17,561	10,097,575	50.2	575
Other[4]	5,647	2,106,843	7.4	2,498	1,088,891	3.4	3,516	1,943,032	9.7	552
	76,545	$28,460,435	100.0	72,629	$31,627,957	100.0	35,072	$20,122,689	100.0	$574

[1] Undergraduates may borrow up to a maximum of $5,000 for study leading to a bachelor's degree

[2] Earnings depend on number of hours worked and hourly wage rate

[3] Annual awards range between $200 and $1500

[4] Includes proprietary schools, hospital schools, and non-collegiate, non-profit schools

Data from Bureau of Student Financial Assistance, United States Office of Education. Numbers and amounts under the three Federal programs are based on preliminary estimated allocations. Actual disbursements, which are not available, will produce adjustments for the figures in the table. Institutional contributions are not included in the amounts for the National Direct Student Loan and College Work Study Programs. Also, National Direct Student Loan figures do not include cash on hand or funds from repayments which are available for relending.

Table 10

Estimated Distribution of 1978-79 Basic Educational Opportunity Grants By Sector[1]

	Amount	% Amount
State University		
State-operated	$29,660,000	14.1
Community Colleges	19,652,818	9.4
City University	72,000,000	34.3
Independent Colleges	53,672,537	25.6
Other[2]	34,752,528	16.6
	$209,737,883	100.0

[1] Estimated number of recipients and average awards, by sector, were unavailable at the time of the report. Actual disbursements will produce adjusted figures.

[2] Includes proprietary schools, hospital schools and nonprofit, noncollegiate schools.

Data from Bureau of Student Financial Assistance, United States Office of Education